



OFFICE OF FINANCIAL MANAGEMENT

S T A T E O F W A S H I N G T O N

REPORT OF FISCAL YEAR 2003 SAVINGS INCENTIVE ACCOUNT EXPENDITURES

RCW 43.79.460

BUDGET DIVISION

DECEMBER 2003

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Overview: Savings Incentive Program

Background

THE SAVINGS INCENTIVE PROGRAM was created in 1997 by legislative passage of Governor Locke's initiative to promote efficiency in agency spending and help to support public schools. Through guidelines set out in statute and in appropriations bill language, agencies are credited with one-half of all state General Fund-State (GF-S) savings not related to entitlement or other targeted spending authority. Remaining savings are directed to the Education Savings Account, 10 percent of which is transferred to Higher Education for distinguished professorships, the graduate fellowship trust fund, and the college faculty award trust fund. The balance may be appropriated for common school construction and education technology.

The legislation establishing the Savings Incentive Program requires that the Office of Financial Management (OFM) report each December 1 to the legislative fiscal committees on implementation of RCW 43.79.460.

Expenditures from the Savings Incentive Account in Fiscal Year 2003

Based on the amount of eligible GF-S reversions (unspent appropriations) in Fiscal Year 1997 through Fiscal Year 2002, agencies have received a total of \$24.6 million in credits in the Savings Incentive Account. An additional \$6.1 million from Fiscal Year 2003 reversions will bring this total to \$30.7 million. The remaining GF-S reversions—\$227.2 million over seven years—were transferred into the Education Savings Account.

Because the Savings Incentive Account is not appropriated, credits remain with the agency until they are spent. As of the end of Fiscal Year 2003, agencies had used \$13.3 million of the \$24.6 million in available funding.

The authorizing legislation limits Savings Incentive Account expenditures to one-time activities that improve the quality, efficiency, and effectiveness of customer services in agencies. Since the amount of this resource is unpredictable, it may not be used to create new or expanded services, or to incur ongoing obligations.

The detailed reports of expenditures for the 19 agencies that spent from the Savings Incentive Account in Fiscal Year 2003 are contained in Exhibit 4. Some examples of expenditures are as follows:

Employee Training

- Technicians were trained on the new fire/security system installed at Western Washington University to improve the quality and effectiveness of fire security at the university.
- Court of Appeals judicial officers received training on litigation ethics and court management.

Technology and Work Process Improvements

- Various agencies replaced outdated hardware and software equipment to enhance customer service by improving productivity, and to increase the security and stability of their networks.
- The Office of the Secretary of State used funding to participate in the federal Secure Electronic Registration and Voting Experiment (SERVE) program which allows citizens and military personnel stationed overseas to register and vote using the Internet.
- The Department of General Administration purchased new Assistive Listening Equipment to replace equipment that was no longer working. The equipment, used by state agencies, augments communication and allows hard-of-hearing citizens and employees to be active meeting participants.

Other

- The Department of Ecology provided an area at its central regional office to showcase new ideas that promote recycling, solar energy and home composting techniques, and the benefits of cooling inner cities with rooftop gardens.

End of Year Expenditure Patterns

Agencies who received General Fund-State (GF-S) appropriations were asked what effect, if any, the potential for receiving Savings Incentive Account credits of unspent Fiscal Year 2003 GF-S appropriations had on end-of-year expenditures.

Responses to this question (Exhibit 5) indicate that most agencies considered the existence of the Savings Incentive Program to have minimal effect on their end of fiscal year spending patterns. Several agencies, however, stated that the opportunity to use these incentive funds was beneficial to the agency and the public.

Actual fiscal year GF-S expenditures (by month) for the seven years of the program's existence do not demonstrate any expenditure patterns that can be solely attributed to the Savings Incentive Program.

Exhibit 1

General Fund State – State Appropriations Compared to Actual Expenditures

Biennium/Year	GF-S Appropriations	GF-S Actuals	Difference (Reversions)
1989-91	12,877,546,448	12,822,278,134	55,268,313
1991-93	15,276,996,675	15,179,946,506	97,050,169
1993-95	16,419,247,997	16,315,126,491	104,121,506
FY 1996 ¹	8,649,982,538	8,619,568,427	30,414,111
FY 1997	9,112,843,950	9,051,113,910	61,730,040 ²
FY 1998	9,329,632,470	9,287,455,949	42,176,521 ³
FY 1999	9,826,031,240	9,770,861,657	55,169,583
FY 2000	10,218,505,894	10,194,205,431	25,343,667 ³
FY 2001	10,826,200,846	10,803,573,538	23,277,462 ³
FY 2002	11,219,066,209	11,200,348,474	18,717,735 ⁴
FY 2003	11,378,339,339	11,298,184,668	36,230,006 ⁵

¹Beginning of fiscal year appropriations for General Fund-State.

²Does not reflect debt service, which can legally exceed the appropriation.

³Does not reflect all retirement contributions, which can legally exceed the appropriation.

⁴Includes \$4.7 million in allotment reductions exempted from the Savings Incentive Program by the Legislature in the 2002 Supplemental budget.

⁵Includes \$43.9 million in allotment reductions exempted from the Savings Incentive Program by the Legislature in the 2002 and 2003 Supplemental budgets.

General Fund State Reversions by Fiscal Period

(\$ in thousands)

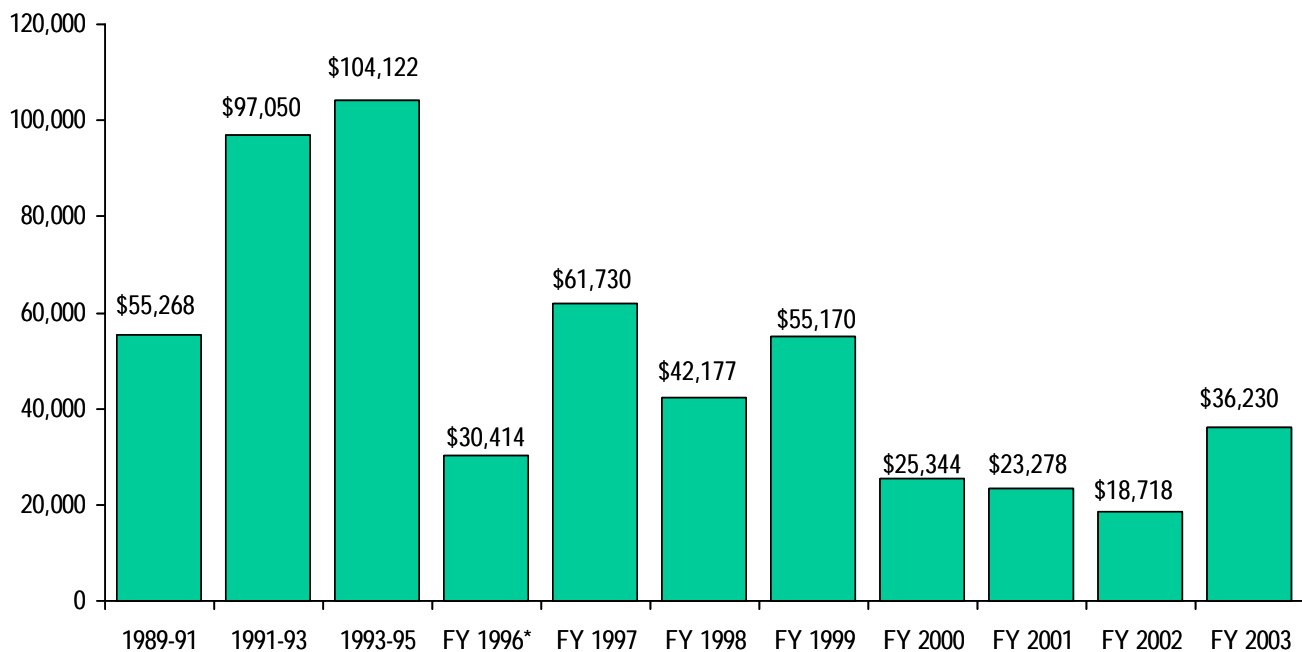


Exhibit 1, continued

Summary of State Savings Incentive Program Distributions

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>Total to Date</u>
Total Savings Incentive Allocations to Agencies	7,195,113	3,818,384	4,855,871	2,202,916	4,055,657	2,501,261	6,079,956	\$30,709,157
Transfers to Education Savings Account for School Technology and Construction	51,737,034	34,522,323	45,282,341	20,826,676	17,299,625	10,366,155	27,135,046	\$207,169,200
Transfers to Higher Education	<u>2,797,893</u>	<u>3,835,814</u>	<u>5,031,371</u>	<u>2,314,075</u>	<u>1,922,181</u>	<u>1,151,795</u>	<u>3,015,005</u>	<u>\$20,068,134</u>
Total Education Savings Account	\$54,534,927	\$38,358,137	\$50,313,712	\$23,140,752	\$19,221,806	\$11,517,950	\$30,150,051	\$227,237,334
Total Reversions	\$61,730,040	\$42,176,521	\$55,169,583	\$25,343,667	\$23,277,462	\$14,019,211	\$36,230,006	\$257,946,490
50% to Distinguished Professorships	1,398,947	1,917,907	2,515,686	1,157,038	961,090	575,898	1,507,503	\$10,034,067
17% to Graduate Fellowships	475,642	652,088	855,333	393,393	326,771	195,805	512,551	\$3,411,583
33% to the CTCs for faculty awards	<u>923,305</u>	<u>1,256,819</u>	<u>1,660,352</u>	<u>763,645</u>	<u>634,320</u>	<u>380,092</u>	<u>994,952</u>	<u>\$6,622,484</u>
	\$2,797,893	\$3,835,814	\$5,031,371	\$2,314,075	\$1,922,181	\$1,151,795	\$3,015,005	\$20,068,134

Exhibit 2

Agency	Program Credits to 6/30/2003	Spending To 6/30/2003	Balance Remaining	Percent Spent
011 House of Representatives	2,607,148	1,750,301	856,847	67.1%
012 Senate	5,883,240	3,780,636	2,102,604	64.3%
014 Joint Legislative Audit and Review Committee	1,008,238	156,655	851,583	15.5%
020 LEAP Committee	268,964	83,514	185,450	31.1%
038 Joint Legislative Systems Committee	24,740	0	24,740	0.0%
040 Statute Law Committee	223,471	96,094	127,377	43.0%
045 Supreme Court	216,446	86,518	129,928	40.0%
046 State Law Library	2,209	2,209	0	100.0%
048 Court of Appeals	292,906	22,946	269,960	7.8%
050 Commission On Judicial Conduct	120,960	16,923	104,037	14.0%
055 Office of the Administrator for the Courts	24,896	0	24,896	0.0%
075 Office of the Governor	303,252	169,590	133,662	55.9%
080 Office of Lieutenant Governor	34,519	24,018	10,501	69.6%
082 Public Disclosure Commission	41,715	633	41,082	1.5%
085 Office of the Secretary of State	895,436	581,001	314,436	64.9%
086 Governor's Office of Indian Affairs	7,919	7,919	0	100.0%
087 Commission on Asian-Pacific American Affairs	7,470	7,469	1	100.0%
091 Redistricting Commission	71,843	71,843	0	100.0%
095 Office of State Auditor	37,987	0	37,987	0.0%
099 Commission on Salaries Elected Officials	26,298	0	26,298	0.0%
100 Office of Attorney General	212,612	208,537	4,075	98.1%
101 Caseload Forecast Council	27,696	0	27,696	0.0%
103 Community, Trade and Economic Development	526,599	234,627	291,972	44.6%
104 Economic and Revenue Forecast Council	95,407	60,813	34,594	63.7%
105 Office of Financial Management	544,897	323,161	221,736	59.3%
118 WA State Commission on Hispanic Affairs	16,927	591	16,336	3.5%
119 WA State Commission on African-American Affairs	3,426	309	3,117	9.0%
120 Human Rights Commission	36,690	0	36,690	0.0%
140 Department of Revenue	1,773,149	1,253,065	520,084	70.7%
142 Board of Tax Appeals	22,118	20,075	2,043	90.8%
150 Department of General Administration	61,306	13,428	47,878	21.9%
195 Liquor Control Board	14,963	14,963	0	100.0%
225 Washington State Patrol	166,767	0	166,767	0.0%
235 Department of Labor and Industries	5248400.0%	28,600	23,884	54.5%
240 Department of Licensing	244,661	219,483	25,178	89.7%
245 Military Department	64,347	18,514	45,833	28.8%
250 Indeterminate Sentence Review Board	162,806	62,953	99,853	38.7%
275 Public Employment Relations Commission	99,133	65,962	33,171	66.5%
300 Department of Social and Health Services	2,487,656	2,012,550	475,106	80.9%
303 Department of Health	637,208	187,699	449,509	29.5%
305 Department of Veterans' Affairs	16,925	9,597	7,328	56.7%
310 Department of Corrections	1,294,795	0	1,294,795	0.0%
315 Department of Services for the Blind	5,110	0	5,110	0.0%
325 Sentencing Guidelines Commission	96,946	11,519	85,427	11.9%
343 Higher Education Coordinating Board	370,765	190,450	180,315	51.4%
350 Superintendent of Public Instruction	1,102,678	259,586	843,092	23.5%
351 State School for the Blind	70,206	12,635	57,571	18.0%

Exhibit 2

Agency	Program Credits to 6/30/2003	Spending To 6/30/2003	Balance Remaining	Percent Spent
353 State School for the Deaf	58,703	46,000	12,703	78.4%
354 Work Force Training and Education Coordinating Board	106,788	33,987	72,801	31.8%
360 University of Washington	77,675	0	77,675	0.0%
365 Washington State University	2,627	2,627	0	100.0%
375 Central Washington University	80,778	0	80,778	0.0%
377 Spokane Intercollegiate R&T Institute	25,663	0	25,663	0.0%
380 Western Washington University	7,916	7,916	-1	100.0%
385 State Library	40,265	1,266	38,999	3.1%
387 Arts Commission	14,022	2,448	11,574	17.5%
390 Washington State Historical Society	3,757	1,226	2,531	32.6%
395 Eastern Washington Historical Society	2,872	0	2,872	0.0%
460 Columbia River Gorge Commission	38,737	11,748	26,989	30.3%
461 Department of Ecology	601,795	437,774	164,021	72.7%
465 State Parks and Recreation Commission	27,459	0	27,459	0.0%
467 Interagency Committee for Outdoor Recreation	89	0	89	0.0%
468 Environmental Hearings Office	83,518	8,168	75,350	9.8%
471 State Conservation Commission	132,452	6,471	125,981	4.9%
476 Growth Management Hearings Board	55,172	38,205	16,966	69.2%
477 Fish and Wildlife	111,952	0	111,952	0.0%
490 Department of Natural Resources	84,680	0	84,680	0.0%
495 Department of Agriculture	311,473	156,480	154,993	50.2%
540 Employment Security Department	73,770	73,770	0	100.0%
699 Community and Technical College System	379,114	101,982	277,132	26.9%
Totals	24,629,197	12,997,452	11,631,746	52.8%

Exhibit 3

**Savings Incentive Account Expenditures in Fiscal Year 2003
By Agency and Category of Expenditure**

Agency	Total	Employee Training	Employee Incentives	Technology Improvements	Improved Work Processes	Performance Measurements	Other
Senate	109,864						109,864
Joint Legislative Audit and Review Committee	35,211	750		34,461			
Supreme Court	74,479	332					74,147
State Law Library	817	817					
Court of Appeals	2,837	1,340	1,497				
Secretary of State	12,864			12,864			
Governor's Office of Indian Affairs	5,541	655		715	3,431	740	
Commission on Asian-Pacific American Affairs	1,253						1,253
Office of Attorney General	202,072	9,396			192,676		
Community, Trade, and Economic Development	2,325			2,325			
Department of Revenue	727,488			727,488			
Board of Tax Appeals	2,107			2,107			
Department of General Administration	5,419			5,419			
Department of Licensing	117,785			117,785			
Military Department	329		329				
Indeterminate Sentence Review Board	14,654	495		14,159			
Public Employment Relations Committee	22,688			11,279	11,409		
Department of Social and Health Services	20,000						20,000
Higher Education Coordinating Board	190,450	2,700		187,750			
Superintendent of Public Instruction	184			184			
Western Washington University	7,916	7,916					
Department of Ecology	210,327	76,970	28,461	25,000	20,885	43,036	15,975
Growth Management Hearings Boards	33,356	3,074		12,086	1,357		16,839
Department of Agriculture	2,365	2,365					
Community/Technical College System	41,754	11,624			24,825	5,305	
Totals by Category	1,844,085	118,434	30,287	1,153,622	254,583	49,081	238,078
	100%	6.4%	1.6%	62.6%	13.8%	2.7%	12.9%

Exhibit 4

Savings Incentive Account Expenditures in Fiscal Year 2002 Agency Detail Reports

House of Representatives

Type of Expenditure (itemize if appropriate)	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Technology Improvements	\$1,507	New Copier/Fax improved quality and efficiency of customer support.
Total FY 03 Expenditures	\$1,507	

Senate

Type of Expenditure (itemize if appropriate)	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Other	\$109,864	The Senate's FY03 savings incentive funds were used primarily to supplement the modifications of the Pritchard Building in order to house the temporary Senate chambers. Some funds were used for the continued restoration of historic photos.
Total FY 03 Expenditures	\$109,864	

Joint Legislative Audit and Review Committee

Type of Expenditure (itemize if appropriate)	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Employee Training	\$750	Computer software training, which increased staff's proficiency.
Technology Improvements	\$34,461	Funds were used for replacement of outdated office light fixtures throughout facility, and for needed computer hardware and software as well as replacements of outdated computer equipment. This has resulted in increased efficiency of technological systems contributing to increased productivity.
Total FY 03 Expenditures	\$35,211	

Supreme Court

Type of Expenditure (itemize if appropriate)	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Employee Training	\$332	Provide practical and theoretical training regarding appellate decision-making, oral arguments, opinion writing and ethics.
Other	\$74,147	Funding was provided for the development of educational exhibits for the states Sesquicentennial anniversary. Funding was provided to conduct a study by the Task Force on Civil Equal Justice Funding.
Total FY 03 Expenditures	\$74,479	

State Law Library

Type of Expenditure (itemize if appropriate)	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Employee Training	\$817	Provide staff training in areas such as Law Library management.
Total FY 03 Expenditures	\$817	

Court of Appeals

Type of Expenditure (itemize if appropriate)	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Employee Training	\$1,340	Provide judicial officers training regarding such topics as litigation ethics and court management.
Employee Incentives	\$1,497	Employees were given recognition for contributions to the agency's mission.
Total FY 03 Expenditures	\$2,837	

Governor's Office of Indian Affairs

Type of Expenditure (itemize if appropriate)	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Employee Training	\$655	DOP training.
Technology Improvements	\$715	Law Seminars International
Improved Work Processes	\$3,431	Travel costs associated with the following seminars and training: National Congress of American Indians; American Indian Business Enterprise; Philanthropy Northwest; and American Indian Women's Services.
Performance Measurement	\$740	CTED, Lakota Express, and Governor's Interstate Indian Council.
Total FY 03 Expenditures	\$5,541	

Commission on Asian-Pacific American Affairs

Type of Expenditure (itemize if appropriate)	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Other	\$1,253	Relocation costs to co-locate with four other agencies in Olympia.
Total FY 03 Expenditures	\$1,253	

Office of the Secretary of State

Type of Expenditure (itemize if appropriate)	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Technology Improvements	\$12,864	The agency used savings incentive funds to participate in the federal Secure Electronic Registration and Voting Experiment (SERVE). This project will allow citizens and military personnel stationed overseas to register and vote using the Internet.
Total FY 03 Expenditures	\$12,864	

Office of the Attorney General

Type of Expenditure (itemize if appropriate)	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Employee Training	\$9,396	The Information Services Division received training to improve managerial skills and processes. Increased efficiency within the IS Division allows for more efficient service to AGO legal services divisions.
Improved Work Processes	\$192,676	The legal services divisions benefited from the Sharepoint development and Law Manager improvements, which enable AGO legal staff to perform duties more efficiently and effectively.
Total FY 03 Expenditures	\$202,072	

Department of Community, Trade and Economic Development

Type of Expenditure (itemize if appropriate)	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Technology Improvements	\$2,325	The expenditures were used to make final payment for CTED's Windows 2000 migration. This contributed to CTED's improvement of security and stability of the network.
Total FY 03 Expenditures	\$2,325	

Department of Revenue

Type of Expenditure (itemize if appropriate)	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Technology Improvements	\$727,488	\$479K was spent on an OCR-ICR data capture system for combined excise tax return related documents. This system will reduce the number of people necessary for data entry, and allow the agency to process tax information faster. The remaining \$248K was used to purchase a predictive dialing system, which increases the efficiency of making collection calls.
Total FY 03 Expenditures	\$727,488	

Board of Tax Appeals

Type of Expenditure (itemize if appropriate)	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Technology Improvements	\$2,107	Purchase four Hewlett-Packard flat panel color monitors for the Board's staff. These monitors replaced obsolete equipment and will allow the Board's staff to work more efficiently.
Total FY 03 Expenditures	\$2,107	

Department of General Administration

Type of Expenditure (itemize if appropriate)	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Technology Improvements	\$5,419	Purchased new Assistive Listening Equipment for State-Wide Lending Pool. Older equipment did not work because of interference of new electric lights in buildings. People who are hard-of-hearing that attend public meetings and state employees will use this new equipment. The Assistive Listening Systems augments communication and assists participants to be active members in meetings.
Total FY 03 Expenditures	\$5,419	

Department of Licensing

Type of Expenditure (itemize if appropriate)	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Technology Improvements	\$ 117,785	The money was used to expand Internet services in the Business and Professions Division of the Department of Licensing (DOL). The project allowed DOL to offer business license renewals on-line.
Total FY 03 Expenditures	\$ 117,785	

Military Department

Type of Expenditure (itemize if appropriate)	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Employee Incentives	\$329	The Military Department purchased employee recognition awards to present to employees for 5, 10, 15, 20 and 25 years of state service. The awards were presented in division staff meetings as part of a program to increase employee morale and recognize staff going the extra mile.
Total FY 03 Expenditures	\$329	

Indeterminate Sentence Review Board

Type of Expenditure (itemize if appropriate)	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Employee Training	\$495	Network training. Network equipment able to be serviced by Board personnel.
Technology Improvements	\$14,159	Laptop for Disaster Recovery Plan. Video conferencing equipment for reducing travel costs for hearings.
Total FY 03 Expenditures	\$14,654	

Public Employment Relations Committee

Type of Expenditure (itemize if appropriate)	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Technology Improvements	\$11,279	The agency is required to post Commission decisions to the Internet to make them accessible to the public. Funds were expended to hire a contractor to work with existing software to post the decisions to the Internet.
Improved Work Processes	\$11,409	The agency's jurisdiction increased by 55 percent. The agency hired a facilitator/consultant to assist the agency in restructuring and addressing its increased workload issues.
Total FY 03 Expenditures	\$22,688	

Department of Social and Health Services

Type of Expenditure (itemize if appropriate)	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Other	\$20,000	Secretary's Committee on Adolescents in Need of Long Term Care – support to the committee.
Total FY 03 Expenditures	\$20,000	

Office of the Superintendent of Public Instruction

Type of Expenditure (itemize if appropriate)	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Technology Improvements	\$184	The technology improvements made it easier for staff to research and provide information to customers who contacted the State Board Office.
Total FY 03 Expenditures	\$184	

Western Washington University

Type of Expenditure (itemize if appropriate)	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Employee Training	\$7,916	These funds were used to defray the cost of special one-time training of technicians on a new fire/security system recently installed at WWU. This training will improve the quality and effectiveness of fire security at WWU.
Total FY 03 Expenditures	\$7,916	

Higher Education Coordinating Board

Type of Expenditure (itemize if appropriate)	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Employee Training	\$2,700	To provide training on .NET tools to agency Information Technology staff.
Technology Improvements	\$187,750	To complete a feasibility study, design and begin development of modern and efficient systems and accompanying processes to replace student financial aid processes on legacy mainframe systems.
Total FY 03 Expenditures	\$190,450	

Department of Ecology

Type of Expenditure (itemize if appropriate)	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Employee Training	\$8,438	Competitive Fellowships - Help cover cost of college or professional coursework tuition to contribute to employees' professional development, career growth, and Ecology's mission.
	\$59,704	Technical Training - Provide and reinforce the technical foundation of Ecology staff through training in areas that are common to many.
	\$8,828	Waste Reduction & Recycling (WRR) Marketing - Provide education and training for program purchasing coordinators and staff to support and implement the new Purchasing and Using Environmentally Preferable Products policy.
Employee Incentives	\$2,911	Wellness - Relocate the exhaust fan from wellness room in the Lacey building and purchase transmitter/receiver for wireless microphone to improve ability to communicate in the room.
	\$1,193	Recognition Program - Establish a personal, one-time only "toolkit" for each agency manager (unit, section managers and EMT) to dip into for ideas on how to recognize and praise their employees.
	\$24,357	Commute Trip Reduction - Subsidize Lacey/Sea-Tac bus passes; use a cash incentive payment to encourage alternative methods of commuting rather than SOV during the winter months.

Technology Improvements	\$25,000	Improved Permit Info/Web - Redevelop the On-line Permit Assistance System (OPAS) to eliminate redundancy and improve service to potential permit applicants.
Improved Work Processes	\$20,758 \$127	Customer Survey – Conduct a survey of our permit applicants and ask interested/affected citizens what they think about Ecology. Streamline Permit Process – Target two major permitting processes for a process improvement (this work was done free of charge by L&I facilitation).
Performance Measurement	\$16,299 \$26,737	Diversity - Expand outreach and recruitment efforts, including making contacts with schools, funding travel to career fairs and hosting an Ecology "Invitational Career Fair" and translation services, and create non-English language web portals w/links from Ecology's home page. Sustainable Pathways – Produce simplified household and organizational sustainability training and guides for: transportation; facility operation and energy; communication; water use; food; and landscape impacts, and conduct pathway modeling work for water use, food and landscape impacts.
Other	\$984 \$8,019 \$735 \$6,237	Safety - Purchase two Evacu-Trac chairs for CRO to transport physically challenged employees/visitors down stairways in the event of a fire alarm, and equip a room at ERO to be used as an infirmary or sick room. Interrelationships between the Economy and the Environment - Develop our understanding about the relationship between economic and environmental value and prepare presentation materials to be accessible to staff and external interested parties. Central Regional Office Education/Outreach Area - Provide an area to showcase new ideas of cooling inner cities with rooftop gardens versus dark surfaces; provide examples of durable products using recycled plastic; and demonstrate solar energy and home composting techniques. Sustainability Pamphlet – Produce a pamphlet for staff and constituents to use as a sustainability checklist and "primer."
Total FY 03 Expenditures	\$210,327	

Growth Management Hearings Board

Type of Expenditure (itemize if appropriate)	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Employee Training	\$3,074	This expenditure assisted in making training available for new Board members and helped each Board member attend meetings of stakeholders. Attending, speaking, and participating in meetings with stakeholders helped Board members obtain input on improving Board processes.
Technology Improvements	\$10,210 \$1,876	Copier Purchase w/ Warranty: Our original copier was purchased in 1992. Our new copier was purchased in 2003, concurrent with our co-location. The old equipment was outdated, costly to maintain and frequently inoperable. A new copier was purchased in order to save maintenance costs and copy center costs and to improve the quality and timeliness of copies to our customers. Computer equipment and other IT purchases - This expenditure allowed computer equipment to be upgraded to allow for better efficiency in processing cases and aids communication among Board members, who

		communicate frequently by e-mail to reduce travel expenses and increase Board productivity.
Improved Work Processes	\$1,357	Travel for training, and meeting room rentals. This expenditure allowed the members of all three boards to meet together to do strategic planning and meet with stakeholders jointly.
Other	\$7,960	Lease Buyout: In order to co-locate with AGO Seattle, the Central Board was required to buy out of their existing lease at a rate negotiated by the Department of General Administration. This one-time cost was paid to insure long-term savings to the state through networking technology, rental savings, and other efficiencies that resulted from our co-location.
	\$8,879	OFM accounting error – In FY 2002, accounting was moving various savings incentive expenditures back to the general fund. An error occurred at end of FY 2002 in booking the expenditure transfer. The error was not corrected until FM25 of FY 2003, however the original intended transfer was never completed (\$5,293 for Central WA office; \$3,586 for Western WA office)
Total FY 03 Expenditures	\$33,356	

Department of Agriculture

Type of Expenditure (itemize if appropriate)	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Employee Training	\$2,365	Staff received training identified as necessary for current job performance and as required by policy, WAC or RCW.
Total FY 03 Expenditures	\$2,365	

State Board for Community and Technical Colleges

Type of Expenditure (itemize if appropriate)	Amount Expended	Purpose of expenditure and how it improved the quality, efficiency or effectiveness of services to customers
Employee Training	\$11,624	Revised and updated Community and Technical College Fiscal Affairs Manual. The manual, previously available only in hard copy, was converted to an electronic format and placed on the SBCTC website for access by college business and administrative staff. The manual was last updated in 1992.
Improved Work Processes	\$24,825	Developed a service provider compliance manual for private career schools and for non-profit community based organizations. This manual formalized compliance/Non-compliance policies, improved and clarified contract language, and provided an accounting manual for sub-recipients with software templates and chart of accounts.
Performance Measurement	\$5,305	This represents the cost to fund a multi year study to examine the role of transfer between educational institutions in the attainment of the bachelor's degree. The study examines student record data at higher education institutions and conducts an alumni survey. Several of the four-year school participants billed for their costs during fiscal 2002 with the balance during fiscal 2003. The survey team consists of representatives from public baccalaureate institutions. The study team expects to report survey results by Fall 2004.
Total FY 03 Expenditures	\$41,754	

End-of-Fiscal Period Expenditure Patterns

AGENCIES WITH STATE GENERAL-FUND appropriations were asked to respond to the question of whether the existence of the Savings Incentive Program affected their end-of-fiscal year expenditure patterns. Responses are reported below.

House of Representatives

“None.”

Senate

“It had very little effect. Our primary concern was the need to reduce overall spending in light of the difficult state budget situation.”

Joint Legislative Audit and Review Committee

“No comment.”

Supreme Court

“The ability to make investments in education, incentives and, quality improvements is very beneficial. The Court has more flexibility when developing its expenditure plan knowing that Savings Incentive Account appropriations may become available.”

State Law Library

“The State Law Library continually takes great care in monitoring expenditures to ensure that as many services as possible can be provided and to ensure that appropriations do not become over-expended. The Savings Incentive Account allows for employee training and technological improvements that might not otherwise be available.”

Court of Appeals

“The Court of Appeals continues to manage expenditures in a prudent manner. Savings Incentive Account appropriations allow the agency greater flexibility when planning for technology improvements and staff training.”

Commission on Judicial Conduct

“No unusual effect on end-of-fiscal year expenditures.”

Office of Public Defense

“The potential for Savings Incentive Account rebates had a minimal effect on the Office of Public Defense’s end-of-fiscal-year expenditures.”

Office of the Governor

“The Savings Incentive Account is an occasional and useful resource for one-time improvements that can’t be accomplished before the close of the fiscal year. The effect on spending patterns is minimal.”

Public Disclosure Commission

“The potential for Savings Incentive Account “rebates” is viewed as positive reinforcement to spend public resources in the most judicious manner possible throughout the year, not just toward the end of the fiscal year. Unfortunately, at the end of FY 03, PDC’s fund balance was such that the agency was unable to take advantage of the rebate program to any real extent. Nevertheless, Savings Incentive Accounts remain a real asset to small agencies that otherwise would have no opportunity to save for unanticipated emergencies, special staff training and other one-time expenses that improve the quality of service provided to the public.”

Governor’s Office of Indian Affairs

“It was beneficial in the year-end decision-making and how funds were expended.”

Office of the Secretary of State

“The rebates did not change our end-of-fiscal year expenditure pattern. However, the agency continues to utilize the savings received to participate in the SERVE project which it would not be able to do with current operating resources.”

Citizens Commission on Salaries for Elected Officials

“No effect.”

Office of the Attorney General

“The potential for Savings Incentive Account rebates did not change the operations or end-of-the-fiscal-year expenditures of the General Fund-State divisions within the AGO.”

Caseload Forecast Council

“As a small agency with predominantly fixed costs, the potential for “rebates” had little effect on our end-of-fiscal year expenditures.”

Department of Community, Trade and Economic Development

“There was no significant influence on CTED’s spending pattern for the Fiscal Year 2003 General Fund-State appropriation. However, the existence of the Savings Incentive Account provides us the potential opportunity to use this fund to improve efficiencies and effectiveness of CTED’s operations.”

Office of the Forecast Council

“As a small agency with predominantly fixed costs, we understand that the Savings Incentive Account provides us with the potential opportunity to use this fund to improve efficiencies and effectiveness of our operations. Due to the fundamental nature of our work here, we spend frugally and research each purchase. It is important to us that we not only reduce spending and use best practices, but that we plan ahead in the event of further economic crunches. The economy is as motivating a factor to reduce our spending as the Savings Incentive program. The combination makes it very appealing to not spend all of our allotted funds.”

Office of Financial Management

“The Savings Incentive Account removes the end of the fiscal year “deadline” and allows us to focus on the needed improvements.”

Department of Revenue

“The Department of Revenue continually takes great care in monitoring expenditures to ensure appropriations are not overspent. The availability of a savings incentive “rebate” is a good financial management tool that rewards managers for saving dollars by making funds available for new technology, equipment to achieve a higher level of efficiency, and unanticipated, but necessary, activities and equipment.”

Board of Tax Appeals

“No effect.”

Department of General Administration

“The incentive has little impact on year-end spending. If there is a program need and the resources are available, we will make the necessary purchase.”

Washington State Patrol

“The Washington State Patrol did not consider the potential for Savings Incentive Account rebates as it approached the end of Fiscal Year 2003. Instead, attention was focused on the budget reductions proposed in the 2003 Supplemental Budget. Savings targets were established for the General Fund-State program allotments and spending patterns were adjusted to meet those targets. The budget reductions enacted by the 2003 Legislature were implemented using the resulting savings, leaving a final variance of less than 1 percent of the State Patrol’s Fiscal Year 2003 General Fund-State appropriation.”

Department of Labor and Industries

“It did not have any real effect, as our end of the year balance was under \$30,000.”

Criminal Justice Training Commission

“There was no expenditure effect on the Criminal Justice Training Commission from the potential for Savings Incentive Account “rebates”.

Department of Licensing

“The Business and Profession Division (BPD) ended Fiscal Year 2003 with only .3 percent of their allotted General Fund-State remaining. Having funding available in the Savings Incentive Account allowed BPD to improve service to customer without concern to utilizing existing spending authority.”

Military Department

“We strongly support the Saving Incentive Program. The ability to make one-time quality improvements and/or provide incentives to staff with GF-S savings is very beneficial to a small agency like the Military Department. Additionally, the opportunity to carry the unspent savings account forward for multiple years gives us a chance to have sufficient dollars to take on a significant one-time expense that promotes a key part of our strategic plan.”

Indeterminate Sentence Review Board

“None.”

Public Employment Relations Committee

“Savings incentives rebates had little impact on end-of-year expenditure decisions.

Home Care Quality Authority

“The Home Care Quality Authority is a new state agency and does not have anything to report on the Savings Incentive Account “rebates” of unspent Fiscal Year 2003 GF-S appropriations.”

Department of Health

“The Department of Health continues to manage all funding sources judiciously throughout the course of the biennium. The Savings Incentive Account “rebates” play only a minor role on end-of-fiscal year expenditures.”

Department of Corrections

“The Department’s expenditure pattern was not altered as a result of the potential for Savings Incentive Account appropriations in future biennia.”

Sentencing Guidelines Commission

“As a small agency with fixed costs, the potential for Savings Incentive Account “rebates” had little effect on our end of fiscal year expenditures.”

Department of Social and Health Services

“No effect.”

Office of the Superintendent of Public Instruction

“The effect of the potential for Savings Incentive Account “rebates” is that OSPI’s budget planning and execution assumes a long-term perspective and avoids unnecessary last-month spending. The SIA allows us to strategically plan for our technology upgrades and staff training instead of rushing to do them at the end of the fiscal year.”

Services for the Blind

“No effect, as we are a small State Agency reliant upon Federal dollars (80 percent of our funding) that require State match. The amount of State funding savings was due to our attempts to save as many State dollars as possible due to the current situation.”

School for the Blind

“No effect on our end-of-year expenditures.”

School for the Deaf

“There was no effect on our spending because of the potential for rebates.”

Central Washington University

“GF-State appropriations are fully spent each fiscal year and the potential rebates offered in the Savings Incentive Program has no effect on spending.”

Western Washington University

“The availability of SIA “rebates” allowed for the special training of facility maintenance workers which will increase their productivity and the quality of the service they provide. This additional training will enable them to take advantage of technological improvements to the systems they maintain and to the equipment used for repairs.”

Washington State Arts Commission

“As a small agency we rely on these funds to build an equipment budget for IT purchases and to support training needs for long-term gains in agency efficiency and accessibility of programs.”

Spokane Intercollegiate Research and Technology Institute (SIRTI)

“The cuts that have been made to the general fund budget over the past few years have brought SIRTI down to a level where our efficiencies no longer have an impact on reducing expenditures, leaving funds available for the Savings Incentive Account. Our general fund appropriation is being completely spent while any efficiencies that are being noted occur in the local fund as that is where the overage of expenditure commitments are being paid from. SIRTI is always looking for ways to make our organization more efficient and effective.”

Columbia River Gorge Commission

“Our agency was aware of the potential to receive monies from the SIA for future use, therefore we were very prudent in our spending. The agency really concentrated on determining what was critically needed to maintain agency operations and expended funds in accordance. The agency resisted any temptation to expend funds, simply because they were available.”

WA States Parks and Recreations Commission

“State Parks endeavors to spend all of its General Fund appropriations within the fiscal time period. This practice keeps fee-based funds available to the agency for future expenditures (either in the same biennium or in the ensuing biennium). The agency has accrued some funds to the Savings Incentive Account in previous years through unspent proviso funds. The agency had no balance in proviso GFS appropriations at the close of this fiscal year, therefore no new funds will be added to the Savings Incentive Account.”

Conservation Commission

“The SIA is helpful in times that the general funds are limited and can be utilized to purchase the necessary computer upgrades, web servers, etc. This fund allows the agency the opportunity to evaluate and work with year-end spending with the knowledge that the agency will receive half of the unspent funds through the SIA.”

Environmental Hearings Office

“It had little effect, primarily due to budget reductions.”

Higher Education Coordinating Board

“None.”

Workforce Training and Education Coordinating Board

“None.”

Department of Ecology

“Due to budget reductions, we had to reduce expenditures to stay within our appropriations. The Savings Incentive Account did, however, allow us to effectively use any GF-S that we were able to save as we closed the fiscal year.”

Note: Ecology has established methods for budgeting for and allocating costs for facilities, information technology and most employee training resources. Ecology also budgets for a performance and recognition program, which, in addition to managing performance measures and agreements for the agency, seeks out opportunities to implement and recognize efforts to improve customer service and efficiency and effectiveness. Because of this, Ecology adopted a process for allocating SIA monies that supports those efforts/activities in the agency that do not have ongoing budgets.

Department of Agriculture

“No effect.”

Growth Management Hearings Boards

“Two new Board members began their tenure in the last fiscal year. The “Savings Incentive Account” rebate assisted them in obtaining needed training and helped all board members attend meetings with planners, county, and city elected officials to receive feedback on board processes and suggestions for improvement. The board is also highly dependent on a good working computer system because two board members work from home (one from Camas, one from rural Skagit County) the majority of the time to save travel and office expenses. Therefore, an efficient, reliable computer system is essential for board communication and processing of cases. The “Savings Incentive Account” allowed us to make the necessary upgrades to our computer system to maintain our system’s reliability.”

State Board for Community and Technical Colleges

“None.”

**TEXT OF LAWS OF 1997, CHAPTER 261 (RCW 43.79.460)
AS AMENDED IN THE 1998 LEGISLATIVE SESSION:**

AN ACT Relating to the efficient use of general fund moneys; adding new sections to chapter 43.79 RCW; and declaring an emergency.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

Section 1. A new section is added to chapter 43.79 RCW to read as follows:

(1) The savings incentive account is created in the custody of the state treasurer. The account shall consist of all moneys appropriated to the account by the legislature. The account is subject to the allotment procedures under chapter 43.88 RCW, but no appropriation is required for expenditures from the account.

(2) Within the savings incentive account, the state treasurer may create subaccounts to be credited with incentive savings attributable to individual state agencies, as determined by the office of financial management in consultation with the legislative fiscal committees. Moneys deposited in the subaccounts may be expended only on the authorization of the agency's executive head or designee and only for the purpose of one-time expenditures to improve the quality, efficiency, and effectiveness of services to customers of the state, such as one-time expenditures for employee training, employee incentives, technology improvements, new work processes, or performance measurement. Funds may not be expended from the account to establish new programs or services, expand existing programs or services, or incur ongoing costs that would require future expenditures.

(3) For purposes of this section, "incentive savings" means state general fund appropriations that are unspent as of June 30th of a fiscal year, excluding any amounts included in across-the-board reductions under RCW 43.88.110 and excluding unspent appropriations for:

- (a) Caseload and enrollment in entitlement programs, except to the extent that an agency has clearly demonstrated that efficiencies have been achieved in the administration of the entitlement program. "Entitlement program," as used in this section, includes programs for which specific sums of money are appropriated for pass-through to third parties or other entities;
- (b) Enrollments in state institutions of higher education;
- (c) A specific amount contained in a condition or limitation to an appropriation in the biennial appropriations act, if the agency did not achieve the specific purpose or objective of the condition or limitation;
- (d) Debt service on state obligations; and
- (e) State retirement system obligations.

(4) The office of fiscal management, after consulting with the legislative fiscal committees, shall report to the treasurer the amount of savings incentives achieved. By December 1, 1998, and each December 1st thereafter, the office of financial management shall submit a report to the fiscal committees of the legislature on the implementation of this section. The report shall (a) evaluate the impact of this section on agency reversions and end-of-biennium expenditure patterns, and (b) itemize agency expenditures from the savings recovery account.

Section 2. A new section is added to chapter 43.79 RCW to read as follows:

The education savings account is created in the state treasury. The account shall consist of all moneys appropriated to the account by the legislature.

- (1) Ten percent of legislative appropriations to the Education Savings Account shall be distributed as follows: (a) Fifty percent to the distinguished professorship trust fund under RCW 28B.10.868; (b) seventeen percent to the graduate fellowship trust fund under RCW 28B.10.882; and (c) thirty-three percent to the college faculty awards trust fund under RCW 28B.50.837.
- (2) The remaining moneys in the Education Savings Account may be appropriated for (a) common school construction projects that are eligible for funding from the common school construction account, and (b) technology improvements in the common schools.

Section 3. RCW 28A.305.235, as amended by this act, is recodified as a section in Chapter 43.79 RCW.

Section 4. On the effective date of this act, the state treasurer shall transfer ten percent of the unappropriated balance of the education savings account, to be distributed as follows: (a) Fifty percent to the distinguished professorship trust fund under RCW 28B.10.868; (b) seventeen percent to the graduate fellowship trust fund under RCW 28B.10.882; and (c) thirty-three percent to the college faculty awards trust fund under RCW 28B.50.837.

Related Language in Appropriation Bills

Sec. 708. INCENTIVE SAVINGS--FY 2003. The sum of one hundred million dollars or so much thereof as may be available on June 30, 2003, from the total amount of unspent fiscal year 2003 state general fund appropriations is appropriated for the purposes of RCW 43.79.460 in the manner provided in this section.

(1) Of the total appropriated amount, one-half of that portion that is attributable to incentive savings, not to exceed twenty-five million dollars, is appropriated to the savings incentive account for the purpose of improving the quality, efficiency, and effectiveness of agency services, and credited to the agency that generated the savings.

(2) Of the total appropriated amount, any amount attributable to unspent general fund--state appropriations in the state need grant program, the state work study program, the Washington scholars program, and the Washington award for vocational excellence program is appropriated to the state financial aid account pursuant to Substitute House Bill No. 2914 (state financial aid account).

(3) The remainder of the total amount, not to exceed seventy-five million dollars, is appropriated to the education savings account.

(4) For purposes of this section, the total amount of unspent state general fund appropriations does not include the appropriations made in this section, amounts included in allotment reductions in sections 706, 707, 708, and 713 of this act and section 706 of this act, or any amounts included in across-the-board allotment reductions under RCW 43.88.110.

